

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 95-1079-C - ORDER NO. 96-112 ✓  
FEBRUARY 21, 1996

IN RE:	Petition for Approval of Transaction	)	ORDER
	between Quest Communications Corporation	)	APPROVING
	and QCC, Inc.	)	MERGER AND
		)	GRANTING
		)	ADDITIONAL
		)	AUTHORITY

FACTS

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Quest Communications Corp. and QCC, Inc. (the Applicants) seeking approval to merge Quest Communications Corp. with QCC, Inc. and requesting the replacement of Quest Communications Corp. tariff with one that offers additional services to the consumers of South Carolina.

By letter, the Commission's Executive Director requested that the Applicants publish a notice one time in a newspaper of general circulation to inform any interested parties of their rights in this matter. No Petitions to Intervene were received.

A hearing was commenced on February 6, 1996, in the Commission Offices at 11:00 a.m. with the Honorable Rudolph Mitchell presiding. Both Quest Communications and QCC, Inc. were represented by Frank R. Ellerbe, III, Esquire; the Commission Staff

was represented by Florence P. Belser, Staff Counsel.

The Applicants presented the testimony of Albert E. Cinelli. Mr. Cinelli noted that QCC, Inc. merged with Quest Communications, Inc. in May, 1995. The resulting corporate entity became QCC, Inc. Mr. Cinelli noted that the stockholders, officers, and managers of both companies were and are the same, although the Company changed the state of incorporation and filed merger papers, the net result of this corporate transaction was nothing more than a name change, according to Cinelli.

Quest Communications, Inc. was certified to offer resold telecommunications services in South Carolina on March 13, 1992. QCC, Inc. is requesting that the Company be allowed to continue operation under its new name and new certificate. We note that Quest Communications Corp. was certificated to provide operator services. QCC, Inc., as a merged company, proposes to offer direct dial 1+ inbound and travel telecommunication services to customers through switched and dedicated access facilities.

QCC, Inc. services are offered primarily to residential customers and small and medium sized businesses. The proposed QCC, Inc. South Carolina tariff offered outbound and inbound calling products utilizing switched and dedicated access travel card service, debit card service and operator services. The travel card is offered in conjunction with other products or as a stand alone service. QCC, Inc. intends to market in the State of South Carolina through its network of agents. QCC, Inc. states that the expansion from operator assisted services to the providing of

direct dial 800, travel and debit card services increases consumers options in South Carolina.

An examination of the proposed transaction leads to our belief that it should be approved. We believe that the merged corporation could offer South Carolina consumers a wider variety of services and be directly competitive with services already being provided in South Carolina. We agree that QCC, Inc. may substitute its tariff for that already on file with this Commission under the name of Quest Communications Corp., conforming it to all Commission Regulations, and that the Certificate of Public Convenience and Necessity granted to Quest Communications Corporation be modified to reflect the name QCC, Inc.

#### CONCLUSIONS OF LAW

1. The Commission adopts a rate design for QCC, Inc. for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission under our Order No. 84-622.

2. QCC, Inc. shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. QCC, Inc. shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which

do not affect the general body of subscribers or do not constitute a general rate reduction (See Order No. 93-638.) Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

3. QCC, Inc. shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. QCC, Inc. is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. QCC, Inc. shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If QCC, Inc. changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, QCC, Inc. shall comply with the terms of Order No. 93-462.

8. With regard to QCC, Inc. debit card service, the Commission requires that the Company, as a condition of receiving a Certificate to offer the debit card service, post with the Commission a bond in the form of a Certificate of Deposit in the amount of \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000. A Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year to ascertain whether this bonding requirement should continue.

9. QCC, Inc. shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178. The proper form for these reports is indicated on Attachment A.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

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COMPANY NAME

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FEI NO.

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ADDRESS

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CITY, STATE, ZIP CODE

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PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- \* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.
- \* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).

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SIGNATURE

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NAME (PLEASE TYPE OF PRINT)

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TITLE